

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Scott Telecom and Electronics, Inc.)	File No. EB-02-TS-650
)	
Operator of Cable Systems in:)	
)	
Nickelsville, Virginia)	
Sandy Ridge, Virginia)	
Weber City, Virginia)	
)	
Request for Waiver of Section 11.11(a) of the)	
Commission's Rules)	

ORDER

Adopted: February 25, 2003

Released: March 3, 2003

By the Chief, Technical and Public Safety Division, Enforcement Bureau:

1. In this *Order*, we grant Scott Telecom and Electronics, Inc. ("Scott Telecom") temporary waivers of Section 11.11(a) of the Commission's Rules ("Rules") for the three above-captioned cable television systems. Specifically, we grant a 12-month waiver for the Weber City, Virginia cable system and 36-month waivers for the Nickelsville, Virginia and the Sandy Ridge, Virginia cable systems. Section 11.11(a) requires cable systems serving fewer than 5,000 subscribers from a headend to either provide national level Emergency Alert System ("EAS") messages on all programmed channels or install EAS equipment and provide a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel by October 1, 2002.¹

2. The Cable Act of 1992 added new Section 624(g) to the Communications Act of 1934 ("Act"), which requires that cable systems be capable of providing EAS alerts to their subscribers.² In 1994, the Commission adopted rules requiring cable systems to participate in EAS.³ In 1997, the Commission amended the EAS rules to provide financial relief for small cable systems.⁴ The

¹ 47 C.F.R. § 11.11(a).

² Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, § 16(b), 106 Stat. 1460, 1490 (1992). Section 624(g) provides that "each cable operator shall comply with such standards as the Commission shall prescribe to ensure that viewers of video programming on cable systems are afforded the same emergency information as is afforded by the emergency broadcasting system pursuant to Commission regulations" 47 U.S.C. § 544(g).

³ *Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, Report and Order and Further Notice of Proposed Rule Making*, FO Docket Nos. 91-171/91-301, 10 FCC Rcd 1786 (1994) ("First Report and Order"), reconsideration granted in part, denied in part, 10 FCC Rcd 11494 (1995).

⁴ *Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System*,

Commission declined to exempt small cable systems from the EAS requirements, concluding that such an exemption would be inconsistent with the statutory mandate of Section 624(g).⁵ However, the Commission extended the deadline for cable systems serving fewer than 10,000 subscribers to begin complying with the EAS rules to October 1, 2002, and provided cable systems serving fewer than 5,000 subscribers the option of either providing national level EAS messages on all programmed channels or installing EAS equipment and providing a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel.⁶ In addition, the Commission stated that it would grant waivers of the EAS rules to small cable systems on a case-by-case basis upon a showing of financial hardship.⁷ The Commission indicated that waiver requests must contain at least the following information: (1) justification for the waiver, with reference to the particular rule sections for which a waiver is sought; (2) information about the financial status of the requesting entity, such as a balance sheet and income statement for the two previous years (audited, if possible); (3) the number of other entities that serve the requesting entity's coverage area and that have or are expected to install EAS equipment; and (4) the likelihood (such as proximity or frequency) of hazardous risks to the requesting entity's audience.⁸

3. Scott Telecom filed a request for one temporary, 12-month waiver and two 36-month waivers of Section 11.11(a) for the three captioned cable systems on September 30, 2002. In support of its waiver request, Scott Telecom states that these are small, rural cable systems with few subscribers. Scott Telecom notes that the Sandy Ridge and Nickelsville, Virginia cable systems serve approximately 278 and 296 subscribers, respectively, while the Weber City, Virginia cable system serves approximately 3,176 subscribers. Based on price quotes from EAS equipment manufacturers, Scott Telecom estimates that it would cost a total of approximately \$30,000 to install EAS equipment at the three systems. Scott Telecom asserts that this cost will impose a substantial financial hardship on it and provides its financial statements for 2000, 2001 and 2002 in support of this assertion. In addition, Scott Telecom submits that its subscribers will continue to have ready access to national EAS information from other sources, including its cable systems. In this regard, Scott Telecom notes that its subscribers currently have access to national EAS messages on at least 40 percent of all programmed channels. Scott Telecom further submits that its subscribers will have access to EAS information through over-the-air reception of broadcast television and radio stations.

4. Based upon our review of the financial data and other information submitted by Scott Telecom, we conclude that a temporary, 12-month waiver of Section 11.11(a) for the Weber City cable system is warranted, and temporary, 36-month waivers of Section 11.11(a) for the Nickelsville and Sandy Ridge cable systems are warranted.⁹ In particular, we find that the \$30,000 cost of EAS equipment for each of these small cable systems could impose a financial hardship on Scott Telecom.

Second Report and Order, FO Docket Nos. 91-171/91-301, 12 FCC Rcd 15503 (1997) ("*Second Report and Order*").

⁵ *Id.* at 15512-13.

⁶ *Id.* at 15516-15518.

⁷ *Id.* at 15513.

⁸ *Id.* at 15513, n. 59.

⁹ The 12-month waiver will extend from October 1, 2002, until October 1, 2003 and the 36-month waivers will

5. We note that the Commission recently amended the EAS rules to permit cable systems serving fewer than 5,000 subscribers to install FCC-certified decoder-only units, rather than both encoders and decoders, if such a device becomes available.¹⁰ Based on comments from equipment manufacturers, we anticipate that such a decoder-only system could result in significant cost savings to small cable systems.¹¹

6. Accordingly, **IT IS ORDERED** that, pursuant to Sections 0.111, 0.204(b) and 0.311 of the Rules,¹² Scott Telecom and Electronics, Inc. **IS GRANTED** a waiver of Section 11.11(a) of the Rules until October 1, 2003 for the cable television system in Weber City, Virginia and **IS GRANTED** a waiver of Section 11.11(a) of the Rules until October 1, 2005 for the cable television systems in Nickelsville, Virginia and Sandy Ridge, Virginia.

7. **IT IS FURTHER ORDERED** that Scott Telecom and Electronics, Inc. place a copy of this waiver in its system files.

8. **IT IS FURTHER ORDERED** that a copy of this *Order* shall be sent by Certified Mail Return Receipt Requested to counsel for Scott Telecom and Electronics, Inc., Christopher C. Cinnamon, Esq., Cinnamon & Mueller, 307 North Michigan Avenue, Suite 1020, Chicago, Illinois 60601.

FEDERAL COMMUNICATIONS COMMISSION

Joseph P. Casey
Chief, Technical and Public Safety Division
Enforcement Bureau

extend from October 1, 2002 until October 1, 2005. We clarify that the waivers we are granting also encompass the EAS testing and monitoring requirements.

¹⁰ *Amendment of Part 11 of the Commission's Rules Regarding the Emergency Alert System*, EB Docket 01-66, FCC 02-64 at ¶ 71 (released February 26, 2002).

¹¹ One manufacturer estimated that an EAS decoder-only system can reduce the cost by 64% over what a cable operator would spend for an encoder/decoder unit. *Id.* at ¶ 70.

¹² 47 C.F.R. §§ 0.111, 0.204(b) and 0.311.